

**THE GOOD SHEPHERD
NATIVITY MISSION SCHOOL, INC.
Financial Statements
for the Years Ended June 30, 2010 and 2009
and Independent Auditors'
Report**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 10/20/10

THE GOOD SHEPHERD NATIVITY MISSION SCHOOL, INC.

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INDEPENDENT AUDITORS' REPORT

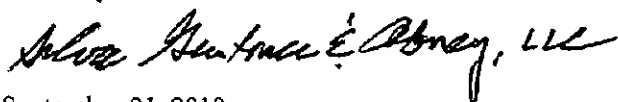
Board of Directors
The Good Shepherd Nativity Mission School, Inc.
New Orleans, Louisiana

We have audited the accompanying statements of financial position of **THE GOOD SHEPHERD NATIVITY MISSION SCHOOL, INC.** (the School) as of June 30, 2010 and 2009, and the related statements of activities for the year ended 2010 and cash flows for the years then ended. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based on our audits. The prior year condensed comparative statement of activities has been derived from the School's financial statements for the year ended June 30, 2009, and, in our report dated August 14, 2009, we expressed an unqualified opinion on those financial statements.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of **THE GOOD SHEPHERD NATIVITY MISSION SCHOOL, INC.** as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2010, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.



September 21, 2010

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THE GOOD SHEPHERD NATIVITY MISSION SCHOOL, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2010 and 2009

ASSETS

	2010	2009
Cash and Cash Equivalents	\$ 130,928	\$ 97,355
Accounts Receivable and Other	30,370	63,716
Prepaid Expenses	42,041	11,167
Pledges Receivable	732,704	706,596
Investments	2,346,940	2,228,509
Assets Held for Permanent Endowment	771,500	758,500
Property, Building and Equipment:		
Land and Building	2,310,182	2,310,182
Equipment	550,453	550,453
	2,860,635	2,860,635
Less: Accumulated Depreciation	(1,039,237)	(917,443)
	<u>1,821,398</u>	<u>1,943,192</u>
 Total Assets	 <u>\$ 5,875,881</u>	 <u>\$ 5,809,035</u>

LIABILITIES AND NET ASSETS

LIABILITIES:

Deferred Contributions & Revenue	\$ -	\$ 32,000
Accounts Payable	49,293	14,794
	<u>49,293</u>	<u>46,794</u>
 Total Liabilities	 <u>49,293</u>	 <u>46,794</u>

NET ASSETS

Unrestricted	4,147,650	4,119,651
Temporarily Restricted	907,438	884,090
Permanently Restricted	771,500	758,500
	<u>5,826,588</u>	<u>5,762,241</u>
 Total Liabilities and Net Assets	 <u>\$ 5,875,881</u>	 <u>\$ 5,809,035</u>

The accompanying notes are an integral part of these financial statements.

THE GOOD SHEPHERD NATIVITY MISSION SCHOOL, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended June 30, 2010 with Comparative Totals for June 30, 2009

	June 30, 2010				2009
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
REVENUE					
Contributions	\$ 440,143	\$ 242,500	\$ 13,000	\$ 695,643	\$ 875,821
Interest and Dividends	89,624	-	-	89,624	89,170
Unrealized/Realized Gains/(Losses)	83,400	-	-	83,400	(209,823)
Fundraisers	167,908	-	-	167,908	173,676
Activity Fees	10,376	-	-	10,376	9,760
In-Kind Donations	-	-	-	-	67,637
Tuition Vouchers	204,710	-	-	204,710	103,501
Assets Released from Restrictions	219,152	(219,152)	-	-	-
Total Revenue	1,215,313	23,348	13,000	1,251,661	1,109,742
EXPENSES					
Instruction	685,230	-	-	685,230	706,755
Cafeteria	10,644	-	-	10,644	18,644
School Development	109,515	-	-	109,515	105,933
Graduate Support	101,687	-	-	101,687	103,969
Administration and Supporting Services	208,999	-	-	208,999	231,446
Discounts on Pledges Receivable	24,792	-	-	24,792	23,452
Plant Operation and Maintenance	46,447	-	-	46,447	36,534
Total Expenses	1,187,314	-	-	1,187,314	1,226,733
INCREASE (DECREASE) IN NET ASSETS	27,999	23,348	13,000	64,347	(116,991)
NET ASSETS AT BEGINNING OF YEAR	4,119,651	884,090	758,500	5,762,241	5,879,232
NET ASSETS AT END OF YEAR	\$ 4,147,650	\$ 907,438	\$ 771,500	\$ 5,826,588	\$ 5,762,241

The accompanying notes are an integral part of these financial statements.

THE GOOD SHEPHERD NATIVITY MISSION SCHOOL, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$ 64,347	\$ (116,991)
Adjustments to Reconcile Decrease in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	121,793	135,969
Changes in Operating Assets and Liabilities		
Pledges Receivable	(26,108)	127,902
Deferred Revenue	(32,000)	32,000
Accounts Receivable	33,346	(37,581)
Prepaid Expenses	(30,874)	3,255
Accounts Payable and Other Accrued Liabilities	<u>34,499</u>	<u>7,171</u>
Net Cash Provided by Operating Activities	<u>165,003</u>	<u>151,725</u>
INVESTING ACTIVITIES		
Net Purchase of Investments	(118,430)	37,596
Assets Restricted for Permanent Endowment	(13,000)	(22,500)
Acquisition of Property, Building and Equipment	<u>-</u>	<u>(113,685)</u>
Net Cash Used in Investing Activities	<u>(131,430)</u>	<u>(98,589)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	33,573	53,136
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>97,355</u>	<u>44,219</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 130,928</u>	<u>\$ 97,355</u>

The accompanying notes are an integral part of these financial statements.

THE GOOD SHEPHERD NATIVITY MISSION SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2010 and 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

THE GOOD SHEPHERD NATIVITY MISSION SCHOOL, INC. (the School) is a non-stock, not-for-profit corporation exempt from federal and state income taxes under Internal Revenue Code Section 501(a) as a religious and educational organization described in Internal Revenue Code Section 501(c)(3). The School operates a tuition-free coeducational school for grades kindergarten through seventh. Its students come from the metropolitan New Orleans area.

BASIS OF PRESENTATION

The accompanying financial statements have been prepared on the accrual basis of accounting and in accordance with the principles of not-for-profit accounting.

The School classifies resources into three separate classes of net assets, as follows:

Unrestricted—Assets and contributions that are not restricted by donors or for which there are no restrictions.

Temporarily Restricted—A donor-imposed restriction that permits the School to use the donated assets as specified. The use of the assets is restricted until passage of time or by actions of the organization.

Permanently Restricted—A donor-imposed restriction that stipulates that resources be maintained permanently but permits the use of all or part of the income derived.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH EQUIVALENTS

Cash equivalents consist of short-term money market accounts and short-term securities with maturity of three months or less when purchased.

IN-KIND DONATIONS

When acquired, certain donated materials, facilities and services are reflected as contributions in the accompanying statements at their estimated fair values at the date of receipt, with a corresponding amount being charged to the appropriate expense accounts. Classroom equipment, text books, materials and supplies for educational and maintenance expenses totaling \$0 and \$67,637 were received for the years ending 2010 and 2009, respectively.

THE GOOD SHEPHERD NATIVITY MISSION SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2010 and 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INVESTMENTS

Under formerly SFAS No. 124, Accounting for Certain Investments Held by Not-for-Profit Organizations, investments in marketable securities with readily determinable fair values and all investments in debt securities are stated at fair value in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the statement of activities.

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Formerly Financial Accounting Standards Board Statement No. 157, Fair Value Measurements (FASB Statement No. 157), establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under formerly FASB Statement No. 157 are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liabilities;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

UNCONDITIONAL PROMISES

Unconditional promises are included in the financial statements as pledges receivable and revenue of the appropriate net asset category. Pledges are recorded after discounting to the present value of the future cash flows.

PROPERTY, BUILDING AND EQUIPMENT

Property, building and equipment are recorded at cost or at appraised value at date of gift. Depreciation is provided over the estimated useful lives (ranging from 5 to 30 years) of the respective assets on a straight-line basis. Expenditures for maintenance, repairs, and renewals are charged to expense as incurred whereas major betterments are capitalized.

THE GOOD SHEPHERD NATIVITY MISSION SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2010 and 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

TUITION AND FEES

The School is a tuition-free institution and only requires an activity fee be collected from the students' parents or guardians.

NOTE B - PLEDGES RECEIVABLE

As of June 30, 2010, the School had received pledges in conjunction with its operations in excess of \$1,150,000. The pledges recorded of \$732,704 and \$706,596 at June 30, 2010 and 2009, respectively, represent the present value of the pledges at a 5.5% discount rate less an allowance for doubtful collections of approximately \$10,000 and \$110,000 at 2010 and 2009. The pledges due in more than one year are included in temporarily restricted net assets and are predominantly subject to time restrictions and scholarships. The present value of the scheduled collections of the pledges over the next five years is:

Due In:

1 Year	\$	337,000
2011		151,503
2012		69,234
2013		49,225
2014		47,538
Thereafter		78,204
	\$	<u>732,704</u>

NOTE C - INVESTMENTS

Investments include the following holdings:

	<u>2010</u>	<u>2009</u>
Unrestricted Investments		
Over Night Euros	\$ 450,000	\$ 500,000
Annuity Contract	494,340	479,706
Municipal Bonds	547,832	636,537
Certificates of Deposit	234,296	158,678
Cash and Money Markets	<u>620,472</u>	<u>453,588</u>
	<u>2,346,940</u>	<u>2,228,509</u>
Permanent Investments		
Mutual Funds	380,221	338,801
Equities	328,663	284,722
Cash and Money Markets	<u>62,616</u>	<u>134,977</u>
	<u>771,500</u>	<u>758,500</u>
Total	<u>\$ 3,118,440</u>	<u>\$ 2,987,009</u>

THE GOOD SHEPHERD NATIVITY MISSION SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2010 and 2009

NOTE C – INVESTMENTS (Continued)

The investment portfolio as of June 30, 2010, summarized using Level 1, 2, and 3 are as follows:

<u>Investment Type</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Over Night Euros	\$ 450,000	\$ -	\$ -	\$ 450,000
Annuity Contract	-	494,340	-	494,340
Municipal Bonds	547,832	-	-	547,832
Certificates of Deposit	234,296	-	-	234,296
Cash and Money Markets	683,088	-	-	683,088
Mutual Funds	380,221	-	-	380,221
Equities	-	328,663	-	328,663
	2,295,437	823,003	-	3,118,440
Pledges Receivable	\$ -	\$ -	\$ 732,704	\$ 732,704
Total	\$ <u>2,295,437</u>	\$ <u>823,003</u>	\$ <u>732,704</u>	\$ <u>3,851,144</u>

NOTE D - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes or future periods:

	<u>2010</u>	<u>2009</u>
Pledges collectible in future periods	\$ 732,704	\$ 706,596
Graduate Support	147,661	150,808
Instruction	4,825	5,954
Capital Improvements	-	5,743
Family Services	1,315	2,635
Vision and Hearing	20,933	12,358
	<u>\$ 907,438</u>	<u>\$ 884,094</u>

NOTE E - PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets totaling \$771,500 and \$758,500 as of 2010 and 2009, respectively, originated from various donors in honor of Fr. Harry Thompson (\$397,500) and Fr. Thomas Stahel (\$374,000). Amounts restricted to investment in perpetuity, while the income from the investments is available for unrestricted use at the School.



Silva Gurtner & Abney

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
The Good Shepherd Nativity Mission School, Inc.
New Orleans, Louisiana

We have audited the financial statements of **The Good Shepherd Nativity Mission School, Inc. (the School)** as of and for the year ended June 30, 2010, and have issued our report thereon dated September 21, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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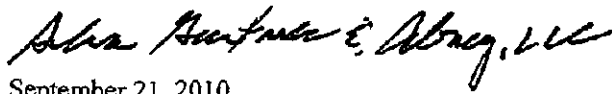
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Compliance and Other Matters:

As part of obtaining reasonable assurance whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, Governing Board, and others within the entity, and should not be used by anyone other than these specified parties


September 21, 2010